

MINNEAPOLIS COMMUNITY
DEVELOPMENT AGENCY

**West River Commons
Redevelopment Plan**

June 27, 2002

Prepared by Project Planning and Finance Department, MCDA
105 5th Avenue South, Minneapolis, Minnesota 55401

West River Commons Redevelopment Plan

June 27, 2002

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West River Commons Redevelopment Plan

June 27, 2002

Introduction

Two plan documents have been prepared to assist a proposed rental and owner occupied town home project: this West River Commons Redevelopment Plan, and the West River Commons Tax Increment Finance (TIF) Plan. The West River Commons Redevelopment Plan establishes a new redevelopment Project Area, establishes objectives for the redevelopment of the Project Area, identifies land uses for the redevelopment of the Project Area, designates parcels for acquisition, and authorizes the creation of new tax increment finance district as a tool for carrying out portions of the redevelopment activities described therein.

Background

A proposal was received from Gateway Real Estate, LLC to own, redevelop, and operate a new mixed use development flanking the Mississippi River, located at 46th and E. Lake Street, in the Longfellow neighborhood.

REDEVELOPMENT PLAN

I. Project Description

The project involves the demolition of the existing buildings on the site and the construction of a new three and four story mixed use building with underground parking. The project will transition to the parkway with a new neighborhood and gateway park. The mixed use building will feature 53 rental apartment units, 12 of which will be designated for affordable housing, 3 owner occupied new town homes, and approximately 8,000 square feet of neighborhood service commercial, including a neighborhood restaurant, on the easterly side of the project. There will be underground parking for 66 cars and 36 ground floor parking spaces. The building will be four stories on the eastern 65 feet and three stories elsewhere. Contaminated soil and water due to a petroleum leak from the gas station on the site will be cleaned up as a result of the excavation and removal of contaminated soil.

A. Boundary of Redevelopment Project

Under the authority of the Housing and Redevelopment Authorities Act, approval of this Plan establishes a new Redevelopment Project as defined in Minnesota Statutes Section 469.002, Subdivision 14. The site of the proposed redevelopment Project Area (the "Project Area") consists of two parcels located at 4610 and 4630 E. Lake Street, in the Longfellow neighborhood of south Minneapolis (see Exhibit #1, Boundary Map). The approximately 50,000 square foot site is located in the northwest corner of the intersection of West River Road and the north side of East Lake Street. The Project Area Report and Documentation of Blight is attached as Exhibit #6 to this Redevelopment Plan.

The boundary of the West River Commons Redevelopment Project Area is generally bounded by the center right of way line of 46th Avenue South on the west, the center right of way line of E. Lake Street on the south, the eastern right of way line of Dorman Avenue on the east, and the northern right of way line of Dorman Avenue on the north boundary as shown on the boundary map (Exhibit #1). The project area includes two tax parcels and adjacent streets and alleys.

B. Project Boundary Map

The Project Boundary Map is included in this Redevelopment Plan as Exhibit #1.

C. Objectives of the Redevelopment Plan

The City of Minneapolis, together with the Minneapolis Community Development Agency, seeks to achieve the following objectives through the West River Commons Redevelopment Plan.

The primary project objective will be to identify and carry out housing and neighborhood commercial redevelopment activities in the Project Area which will revitalize the area within the Project Area as well as the surrounding area. Toward this end, the following goals have been identified:

- (1) Eliminate blight, incompatible uses, and blighting influences
 - Acquire buildings that are economically or functionally obsolete and/or buildings that are underutilized.
 - Remove structurally substandard buildings which are incapable of being rehabilitated.
- (2) Facilitate the development and redevelopment of underutilized, contaminated and/or blighted property in the Project Area
 - Eliminate blighting influences which impede potential development.
 - Clean up environmental hazards such as contaminated soil and water
- (3) Develop variety of housing options, both homeownership and rental units, including affordable housing, to individuals and families.
 - Provide quality urban village design, using attractive streetscape
 - Provide public space that is compatible with adjacent parkway and park system.
- (4) Provide sufficient parking to meet the needs of the community.
- (5) Provide new commercial opportunities and spaces for commercial development.
 - Improve the aesthetic and economic vitality of the business district
 - Catalyst for further urban renewal on E. Lake Street
 - Contribute to the cultural and economic vitality of the neighborhood
 - Promote reinvestment
- (6) Provide public improvements and infrastructure as needed.
- (7) Improve the tax base and tax revenue generating capacity of the City, stimulating the local economy.

D. Types of Redevelopment Activities

The objectives of the Redevelopment Plan will be accomplished through the following activities: acquisition of properties and relocation of occupants, demolition, clearance and redevelopment, contamination clean up and removal, construction of buildings and other improvements, provision

of a variety of housing options, including rental and homeownership units, affordable rental units, project and public improvements suitable to the needs of the project, parking, administration, and other related activities.

II. Land Use Plan

A. Land Use Map

The Land Use Map is included in this Redevelopment Plan as Exhibit #2. The Land Use Map reflects the general pattern of recommendations for future land use. The land use indicated is residential and commercial. The eastern parcel is zoned C1 and the western parcel is zoned R5.

B. Land Use Provisions and Requirements

1. Permitted Uses

- a. Residential uses shall conform to the Minneapolis Zoning Ordinance and generally limited to those areas specified as residential on the Land Use Map.
- b. Commercial uses shall conform to the Minneapolis Zoning Ordinance and shall be limited to those areas specified as commercial on the Land Use Map.

2. Additional Regulations and Controls or Restrictions to be Imposed on the Sale of Acquired Land

All new development on land acquired by the Agency shall conform to the applicable state and local codes and ordinances and the requirements of this Redevelopment Plan, including the provisions of the Minneapolis Zoning Ordinance. In cases where codes or ordinances are more restrictive than this Redevelopment Plan, the more restrictive will apply.

3. Period During Which Land Use Provisions and Requirements will be in Effect

The requirements and provisions of Section II. B. of this Redevelopment Plan shall apply to all of the properties acquired in the Project Area except where strict compliance thereto would in the judgment of the Agency either not be in the best interest of the Redevelopment Project or the City, or would not contribute to the achievement of the objectives of this Redevelopment Plan. These requirements shall remain in effect for twenty years from the date of conveyance of the disposition parcels.

III. Project Proposals

The developer of the West River Commons Project, Gateway LLC, is proposing a new mixed use development for the Longfellow neighborhood flanking the Mississippi River in Minneapolis. The project will include 53 rental units, of which 12 units are affordable to persons at 50% of the median income, three owner-occupied townhomes and approximately 8,000 square feet of retail/service commercial space.

- A. Land Acquisition - The developer acquired the parcels privately.
- B. Rehabilitation - None

C. Redevelopers' Obligations

The general requirements to be imposed upon the developers, their successors or assigns, will be established in development agreements between the Agency and the developer. Specific terms and conditions of a development agreement between the Agency and the developer will be indicated in the development agreement.

IV. Relocation – Relocation Benefits will be paid directly by the Developer

V. Official Action to Carry Out the Redevelopment Plan

Minnesota law requires that the Minneapolis City Planning Commission review this Redevelopment Plan and that its written opinion, if any, accompany the Redevelopment Plan when it is officially submitted to the City Council for approval (Minnesota Statutes, Section 469.027). In approving the Redevelopment Plan, the City Council is responsible for carrying out those elements of the Redevelopment Plan requiring official action by the local governing body for the City.

VI. Procedure for Changes in Approved Redevelopment Plan

This Redevelopment Plan may be modified as provided in Minnesota Statutes, Section 469.029, Subdivision 6, as follows:

"A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located."

To view this map, please contact MCDA

**West River Commons Redevelopment Plan
Boundary Map – June 28, 2002**

Exhibit #2

West River Commons Redevelopment Plan
Land Use Map
June 27, 2002



Residential



Commercial

EXHIBIT #3

CITIZEN PARTICIPATION REPORT

West River Commons Redevelopment Plan

June 27, 2002

This project has evolved with full collaboration and communication of the neighborhood. Over 12 neighborhood meetings were held, and a website provided for neighborhood feedback was available to all. The project is considered a model of collaboration with the neighborhood. Final plan documents will be sent to the Longfellow Community Council for a thirty day review period. This group will be given the opportunity to review and comment on the West River Commons Redevelopment Plan and Tax Increment Finance Plan prior to consideration of the Plans by the Minneapolis City Council and the Minneapolis Community Development Agency Board of Commissioners.

The Minneapolis Community Development Agency will continue to work with the group throughout the implementation of the Redevelopment Plan.

EXHIBIT #4

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY AFFIRMATIVE ACTION POLICY West River Commons Redevelopment Plan

June 27, 2002

It is the policy of the Minneapolis Community Development Agency to provide equal employment opportunities without regard to race, color, national origin, relation, sex, age, disability, affectional preference, or status with regard to public assistance to all applicants for employment and all employees. This pledge applies to all areas of employment including recruitment, employment, job assignment, training, promotion, transfers, rate of pay, and all other forms of compensation and benefits.

The employment policies and practices of the Minneapolis Community Development Agency will ensure that all employees and applicants for employment are treated equally and that no distinction is made in its employment practices, except on the basis of merit, because of race, color, national origin, religion, sex, age, disability, affectional preference, or status with regard to public assistance.

Developers and construction contractors who participate in redevelopment activities will be required to practice affirmative action and fulfill the Minneapolis Community Development Agency Affirmative Action checklist goals, and to develop and implement women and minority interest in business enterprise plans.

EXHIBIT #5

ENVIRONMENTAL REVIEW

West River Commons Redevelopment Plan

June 27, 2002

The Minneapolis Community Development Agency will comply with all applicable local, state and federal regulations and procedures regarding the assessment of potential environmental impacts resulting from project activities.

Please refer to the "Project Area Report and Documentation of Blight" included as Exhibit #6 of this Plan for detailed information regarding the existing environmental conditions of the property included in this Project Area.

PROJECT AREA REPORT AND DOCUMENTATION OF BLIGHT

West River Commons Redevelopment and Tax Increment Finance Plan June 26, 2002

The West River Commons Redevelopment Project (the "Redevelopment Project") will be a redevelopment project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota Statutes, Section 469.002, Subdivision 14 and 16). According to Subdivision 14, Paragraph 1, redevelopment projects are established "for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight." The redevelopment project area therefore must be found to be a blighted area, which is defined in Section 469.002, Subd. 11 of the Act as:

"... any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community."

Project Description

A proposal was received from Gateway Real Estate, LLC to own, redevelop, and operate a new mixed use development flanking the Mississippi River. The project involves the demolition of the existing buildings on the site and the construction of a new three and four story mixed use building with underground parking. The project will transition to the parkway with a new neighborhood and gateway park. The mixed-use building will feature 53 rental apartment units, 12 of which will be designated for affordable housing, 3 owner occupied new town homes, and approximately 8,000 square feet of neighborhood service commercial on the easterly side of the project. There will be underground parking for 66 cars and 36 ground floor parking spaces. The building will be four stories on the eastern 65 feet and three stories elsewhere. The property is currently two separate parcels. The project would involve the replatting of at least the western parcel to carve out a separate parcel for three owner occupied town homes. Contaminated soil and water due to a petroleum leak from the gas station will be cleaned up as a result of the excavation and removal of contaminated soil.

Location

The West River Commons Project is located at 46th and East Lake Street, Minneapolis, in the Longfellow neighborhood (4610 and 4630 E. Lake Street). The approximately 50,000 square foot site is located in the northwest corner of the intersection of West River Road and the north side of East Lake Street.

Site Description

Exterior and interior surveys were conducted in the fall of 2001. Currently considered blighted, the property consists of an abandoned gas station with an environmental hazard, and an obsolete temple assembly hall. An areawide assessment for eligibility for purposes of redevelopment indicates that the properties are vacant and underutilized buildings and are by definition a blighting influence on the adjacent community. The environmental site characteristics indicate significant blighting influences caused by the volume of traffic congestion on E. Lake Street, inconsistent land forms both geographically

and platted (lots are platted 25 feet wide), and because of the unusual and difficult characteristics of the site, which may have prevented normal development of the land in the past, need a good design to provide a transition into the redevelopment plans for the area.

It was found with reasonable certainty deficiencies exist in the buildings that are below standards of the Uniform Building Code applicable to new buildings and that the buildings at the location are marginal, and structurally substandard because the costs of repairs to comply with standards of the building code exceed 15% of the properties' replacement value. Further, the existing commercial spaces appeared vacant, are hazardous, and are obsolete for their present or continued use, and are functionally obsolete, lacking certain life safety factors, elements of the Americans with Disabilities Act, and contain obsolete mechanical and electrical systems essential for continued occupancy. The commercial buildings lack energy conservation standards essential for continued occupancy in order to be in compliance with the Uniform Building Code of Ordinances (see State Energy Code 2000, and Bulletin 80-1 Property Code). The two buildings were found detrimental to the safety, health, morals, or welfare of the community by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excess land coverage, deleterious land use that include all present uses. The commercial building lacks a heating unit. Both of the parcels in the proposed Redevelopment Project Area and TIF District exceed the required 15% improvement requirement. The vacant property was open to the elements with broken windows and interior areas contained damage caused by vandalism or disuse, graffiti covered walls, roof damage caused by ice damming and worn roofing materials, collapsed building components due to leaking roof, damaged siding and trim with shrinkage of masonry frame exhibiting cracks in the masonry components, dangerous and hazardous conditions (due to suspected gas leak), peeling paint, 'punk' wooden door and window frames, and difficult access to property. These obsolete features of the buildings are unavoidable due to its character and cannot be concealed, or retrofitted to an alternative or adaptive reuse.

Environmental Surveys were conducted on the two properties by PEER Environmental & Engineering Resources, Inc. The environmental consultant completed the environmental assessment and will work with MPCA to develop a final MPCA approved remediation plan.

Information from their reports reveal the following information: One of the subject properties, located at **4610 East Lake Street**, is approximately 33,000 square feet in size and includes a one-story building on the eastern side and asphalt covered parking on the western side. The concrete block building measures 110 feet by 120 feet. There is a partial basement in the northwest corner of the building that is used as the boiler room. The boiler is no longer functioning and the building is heated by natural gas forced air space heaters.

The building was constructed in 1928 for use as a tabernacle and has been used as such since that time. Twin Cities Deliverance Temple currently occupies the building. The building is connected to municipal water and sewer and serviced by the local natural gas and electrical utilities. The property is generally level with a surface elevation of approximately 820 feet (\pm 10 feet) above mean sea level. The Mississippi River channel is located approximately 600 feet east of the property at an elevation of approximately 725 feet. The terrain on the adjoining property to the east starts to slope down to the river with a steeper drop of approximately 80 feet located approximately 300 feet east of the subject property.

Surficial deposits in the area consist of glacial river terrace sediments of sand, gravelly sand, and silty sand. The depth to bedrock in the vicinity of the property is estimated to be less than 50 below the ground surface. Based on the published references bedrock appears to consist of the St. Peter Sandstone Formation.

Based on investigation files of the MPCA, ground water is present at a depth of approximately 24 feet below the ground surface. Based on the limited investigation and referenced publications, regional ground water flow is estimated to be easterly toward the Mississippi River. It should be noted that the depth and gradient of the water table could change seasonally in response to variation in precipitation

and recharge, and over time in response to urban development such as storm water controls impervious surfaces, and pumping wells.

Historical information indicates a retail convenience store was constructed on the subject property (at 4600 East Lake Street at what is now parking) in 1924. No evidence of bulk chemical or petroleum storage or uses of potential environmental concern are depicted on the subject property in earlier Sanborn Fire Insurance Maps. A filling station reportedly operated at 4600 East Lake Street from 1926 until 1945. Based on available data, filling stations are depicted on adjoining properties to the east and southeast, and the adjoining property to the east is a petroleum release site. The westernmost contamination from the release has been identified and impacts to the subject property from this site appear unlikely.

Based on city directories and City of Minneapolis permit records, this building on the western side of the subject property in what is currently the parking lot, was a convenience store from 1924 through 1945 and also a filling station from 1926 to 1945. The use of the adjoining property to the east as a filling station is apparent in photographs examined. With the exception of the Mississippi River located to the east, no protected water bodies or wetlands are depicted on the subject property or adjoining properties. No pipelines or environmentally suspect cultural features are depicted on or adjoining the subject property. City directories list Philips Petroleum Co., located on the western side of the property. A filling station with three 550-gallon underground storage tanks and one 2,000 gallon underground storage tank was constructed as an apparent addition to the convenience store in 1926. The filling station/convenience store operated until 1945, at which time the underground storage tanks were recorded as completely removed and the building was demolished. The permit records indicate that a drive-in restaurant (soft drink stand) was constructed at 4604 E. Lake Street in 1948 and operated until it was demolished in 1964. Records indicate that the existing building on the subject property was constructed in 1928. With the exception of four gasoline underground storage tanks on the subject property in 1926 to 1945, no record of hazardous substance or petroleum product use, storage, leaks, or spills was noted in the available records.

The property at **4630 E. Lake Street** is approximately 15,600 square feet in size and includes a vacant filling station building approximately 1,200 square feet in size. The property has been occupied by a filling station business since approximately 1923. Building permit records indicate that filling station was first constructed on the property in 1923. The records indicate that in 1970, a filling station was wrecked and tanks were removed from the property. The records do not indicate the number of tanks that were removed or the condition of the tanks that were removed in 1970. The records indicate that a new filling station building was constructed and four underground storage tanks were installed in 1970. The description of the tanks installed in 1970 matches the description of the tanks that were removed in 1999. The subject property was identified on the Minnesota Pollution Control Agency (MPCA) Leaking Underground Storage Tank (LUST) database list and the Registered Underground Storage Tank database list. A petroleum release was identified during the removal of the USTs and reported to the MPCA on July 21, 1999. A limited investigation was conducted on the subject property and petroleum impacts to soil and ground water were identified. The extent of ground water contamination has not yet been fully defined. The site is currently undergoing a remedial investigation to determine the extent of the contamination. The identified petroleum contamination on the property is a recognized environmental condition.

No current storage or use of hazardous substances and/or petroleum products was evident on the subject property. There are three below grade hydraulic piston lifts in the service bays of the building. These lifts represent a potential source of releases of hydraulic oil to soil and ground water on the subject property. Based on the 1970 construction date of the building, there is a potential for asbestos-containing materials in the building. PEER has performed a Phase I Environmental Site Assessment of the subject property which reveals no evidence of recognized environmental conditions in connection with the subject property with the exception of the following: "petroleum contamination has been identified in soil and ground water on the property. The extent of contamination in ground water has not yet been fully defined...the subject property has been a filling station since approximately 1923. Historical records indicate that nine underground storage tanks have existed on the property...Four were removed in 1970. No records for

the removal of the other five were identified. A magnetometer survey indicates the presence of anomalies that might represent remaking USTs....there are three below-grade hydraulic piston lifts in the service bays of the building and represent a potential source of releases of hydraulic oil to soil and ground water on the property....". Additional environmental concerns list suspect asbestos-containing materials as described above.

The grounds of the subject property include asphalt and concrete surfaced parking and driveway areas, grass covered areas, and gravel surfaced areas where underground storage tanks were recently removed. The property is a one story commercial type building constructed around 1970. The building is used as a former service station by the Easter Seals Organization of Minnesota for auto skills training. The building components consist of flat roof, concrete floors, brick veneer walls, elevated floors, and spaces not accessible, with at-grade access, but with hazardous conditions. The building lacks elements of the ADA Act and contain obsolete inoperable mechanical and electrical systems essential for continued safe occupancy. In addition the building lacks energy conservation standards essential for continued occupancy in order to be in compliance with the Uniform Building Code of Ordinances. The exterior inspection revealed the presence of the following blighting conditions: roof damage, caused by worn roofing materials, broken storm doors and windows, peeling paint, shrinkage of the masonry frame of the building resulting in step cracks in the masonry blocks, design defects associated with the location of the wash rack located too close to the public sidewalk, difficult access, does not contain smoke detectors, nor accessible restroom facilities, and automatic fire sprinkler system.

Therefore, the properties at 4610 and 4630 E. Lake Street qualify for inclusion in both a Redevelopment Project Area and a Redevelopment Tax Increment Finance District. The blighting influences of the subject property are characterized above and the property is found blighted in accordance with the Minnesota Statutes.

Documentation supporting these findings is on file in the office of the Minneapolis Community Development Agency, 105 5th Avenue South, Project Planning & Finance Department, Suite 600, Minneapolis, Minnesota.

Exhibit #7

Preliminary Budget and Method of Financing

West River Commons Redevelopment Plan

June 27, 2002

Developer Information

The developer of West River Commons Project, Gateway Real Estate LLC, a team including Michael Lander of The Lander Group, along with the Principals of @Home Apartments – Michael Cashill & Alan Spaulding – is proposing construction of 53 rental units, three owner-occupied townhomes, and approximately 8,000 square feet of retail/service commercial space. The project will consist of homeownership and rental units, including 12 affordable rental units, using a combination of local, regional and federal funds.

Sources	TIF District Budget	
	Up-Front	Over Time
Developer Funds	\$ 825,000	---
Tax Increment	---	\$ 2,400,000

<u>Total Sources.</u>	\$ 825,000	\$ 2,400,000
<u>Uses</u>		
Acquisition	675,000	---
Parking	100,000	---
Demolition	50,000	---
Pay-As-You-Go Note Principal	---	825,000
Pay-As-You-Go Note Interest	---	750,000
MCDA Administration		235,000
MCDA Affordable Housing 25%	---	590,000
<u>Total Uses.</u>	<u>\$ 825,000</u>	<u>\$2,400,000</u>

**Tax Increment not pledged as a "source"*

It is anticipated that up-front public redevelopment costs will be financed with pay-as-you-go tax increment financing. With pay-as-you-go tax increment financing, the developer finances eligible public redevelopment costs under contract with the City or MCDA, in exchange for a note that pledges repayment of these costs, with interest, out of the tax increment revenue generated by the project. This approach reduces the financing risks for the City, since the developer is only fully reimbursed if sufficient tax increment revenue is actually generated by the new development.

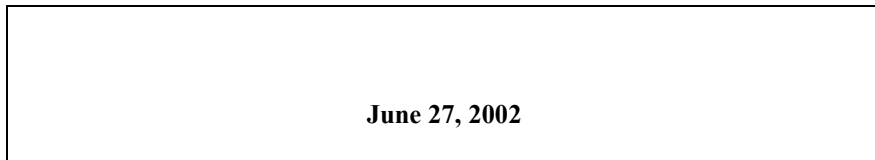
Sources of funds include tax increment financing, CEDF Commercial Corridor Funds, Multifamily Housing Revenue Bonds, Multifamily Housing Program Funds, Low Income Housing Tax Credits, Hennepin County Brownfields Grant, and other sources not yet identified.

To view site plan, contact MCDA

**MINNEAPOLIS COMMUNITY
DEVELOPMENT AGENCY**



***West River Commons
Tax Increment Finance Plan***



Prepared by Project Planning and Finance Department
MCDA, 105 5th Avenue South, Minneapolis, Minnesota 55401

**West River Commons
Tax Increment Finance Plan
June 27, 2002**

- I. Tax Increment District Boundary
- II. Statement of Objectives
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- VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance
- VIII. Modifications to Tax Increment Financing Plans

Exhibits

- 1) Boundary
- 2) Project Area Report and Documentation of Blight
- 3) Site Plan

West River Commons

Tax Increment Finance Plan

June 27, 2002

Introduction

Two plan documents have been prepared that are related to a proposed rental and homeownership project: this West River Commons Tax Increment Finance Plan (the “TIF Plan”), and the West River Commons Redevelopment Plan (collectively, the “Plans”).

The West River Commons Redevelopment Plan authorizes the creation of a new TIF district as a tool for carrying out the redevelopment activities described therein.

This TIF Plan provides for the establishment of a new redevelopment TIF district: the “West River Commons Tax Increment Financing District (the “TIF District”). This TIF Plan authorizes public redevelopment activities and expenditures, establishes a new redevelopment TIF district and a budget for expenditures within the boundaries of the West River Commons Project Area (the “Project Area”). Tax increment will be used to pay for a portion of the public redevelopment costs associated with the Project Area, in addition to MCDA administration costs.

TAX INCREMENT FINANCE PLAN

I. Tax Increment District Boundary

The TIF District is being established within and under the authority of the West River Commons Redevelopment Project. The property to be included in the proposed TIF District includes two parcels, including streets, alleys and public rights of way. The boundary of the West River Commons TIF project is generally bounded by the center right of way line of 46th Avenue South on the west, the center right of way line of E. Lake Street on the south, the eastern right of way line of Dorman Avenue on the east, and the northern right of way line of Dorman Avenue on the north boundary as shown on the boundary map (Exhibit #1). The project area includes two tax parcels and adjacent streets and alleys. The tax parcels to be included in the TIF District are:

Address PIN number

4610 E. Lake Street 32-029-23-33-0025

4630 E. Lake Street 32-029-23-33-0011

(See Boundary Map, Exhibit 1).

The Project Area Report, which provides a more detailed description of the existing property conditions, and documents the eligibility of this site for the establishment of a Redevelopment TIF District, is appended as Exhibit #2 to this TIF Plan.

II. Statement of Objectives

The objectives for this TIF Plan are described in the West River Commons Redevelopment Plan in Section B. 3.

This TIF Plan authorizes public redevelopment activity intended to assist with the implementation of the West River Commons Project, including property acquisition costs, contamination cleanup costs, administration, and other related activities.

III. Development Program

A. Description of Development Program

The developer of West River Commons Project, Gateway Real Estate LLC, a team including Michael Lander of The Lander Group, along with the Principals of @Home Apartments – Michael Cashill & Alan Spaulding – is proposing

construction of 53 rental units, three owner-occupied townhomes, and approximately 8,000 square feet of retail/service commercial space. The project will consist of homeownership and rental units, including 12 affordable rental units, using a combination of local, regional and federal funds. The affordable units will be representative of the units in the project and will be finished to the same level of quality as all the other units in the building. The property, currently two separate parcels, contains a vacant gas station alongside an obsolete assembly hall. The project would involve the replatting of at least the western parcel to carve out a separate parcel for three owner occupied town homes. Contaminated soil and water due to a petroleum leak from the gas station will be cleaned up as a result of the excavation and removal of contaminated soil.

The West River Commons will occupy an attractive site where Lake Street crosses West River Parkway and the popular Minneapolis “Grand Round” trail system. The retail part of the project fronts Lake Street and encloses a significant public plaza positioned at the foot of the bridge spanning the Mississippi River gorge between Minneapolis and St. Paul.

Reports from the Family Housing Fund, the State of the City 2001, published January 2002, “A Dream Deferred: the 50/30 Housing Research Initiative” published by the Urban Coalition and the Roy Wilkins Center (University of Minnesota) all support the need for affordable housing. In the Wilder Research Center’s Metrotrend Report, residents cited affordable housing as their number one concern in the Twin Cities.

The most recent State of the City Report 2001 shows the Longfellow community was one of four south Minneapolis communities that reported the largest decrease in units available (-67.0 percent decrease). This illustrates how extremely tight the rental market was in the year 2000. The number of units available for rent is important since it indicates the vacancy rate. The Minneapolis vacancy rate for the second quarter of 2001 is 1.7 percent, one of the lowest rates in the country. Rates below 5 percent can result in higher rents, as has happened in Minneapolis.

Average rental costs for an apartment continued to increase during the first half of 2001. Rental survey data show rental costs increased for all unit types except studio. One-bedroom apartments increased by 12.4 percent. Large apartments with two or more bedrooms increased by 8.2 percent from the first half of 2000. Median rental costs increased to \$742, a 15.8 percent increase over the 2000 first half median. The average rent for a Minneapolis apartment increased to \$815 dollars, an 18.7 percent increase from the first half of 2000. Average rents ranged from \$502 for a studio/efficiency unit to \$710 for a one-bedroom unit and \$967 for units with two or more bedrooms. Three bedroom units climbed to \$1,092 per month. Affordability, housing condition, and neighborhood livability remain top concerns for most renters, particularly for those who have very limited income and very limited housing choices.

Finding any type of decent, affordable housing, whether rented or owned, has become increasingly hard to find for many people in the Twin Cities. Much of the problem stems from a shortage of lower-priced housing combined with the failure of incomes to keep pace with rising housing costs.

B. Property That May Be Acquired - The property will be acquired by the developer.

C. Development Activity for Which Contracts Have Been Signed and Other Specific Development Expected to Occur

The MCDA is currently negotiating a development agreement with Gateway Real Estate LLC, comprising of a partnership of Michael Lander of The Lander group, along with the Principals of @Home Apartments—Michael Cashill & Alan Spaulding for the West River Commons Project.

D. Other Development Activity - None

IV. Description of Financing

The purpose of this TIF plan is to authorize public redevelopment activities and expenditures to assist with the West River Commons Project. Anticipated public redevelopment activities may include property acquisition costs, contamination cleanup and removal, administration, and other related activities.

Sources of funds include tax increment financing, CEDF Commercial Corridor Funds, Multifamily Housing Revenue Bonds, Multifamily Housing Program Funds, Low Income Housing Tax Credits, Hennepin County Brownfield Grant, and other sources not yet identified.

The figures, sources and methods of financing identified in this TIF Plan are based on the best estimates available at the time of writing. Slight changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this TIF Plan, or result in an increase in the public redevelopment costs or indebtedness beyond the amounts listed herein, a modification to the TIF Plan will be necessary. Such a modification would require the same approval process as the original approval of this TIF Plan. The actual public commitment to pay public redevelopment costs to be incurred within this Project Area is established in each redevelopment agreement entered into by the Agency and each developer, not by the TIF Plan, which establishes a permissive rather than proscriptive ceiling on public expenditures.

A. Project Costs

<u>TIF District Budget</u>		
<u>Sources</u>	Up-Front	Over Time
Developer Funds	\$ 825,000	---
Tax Increment	---	\$ 2,400,000
<u>Total Sources.</u>	\$ 825,000	\$ 2,400,000
<u>Uses</u>		
Acquisition	675,000	---
Parking	100,000	---
Demolition	50,000	---
Pay-As-You-Go Note Principal	---	825,000
Pay-As-You-Go Note Interest	---	750,000
MCDA Administration		235,000
MCDA Affordable Housing 25%	---	590,000
<u>Total Uses.</u>	\$ 825,000	\$2,400,000

**Tax Increment not pledged as a "source"*

B. Bonded Indebtedness to be Incurred

It is anticipated that up-front public redevelopment costs will be financed with pay-as-you-go tax increment financing. With pay-as-you-go tax increment financing, the developer finances eligible public redevelopment costs under contract with the City or MCDA, in exchange for a note that pledges repayment of these costs, with interest, out of the tax increment revenue generated by the new development to be constructed by the developer. This approach reduces the financing risks for the City, since the developer is only fully reimbursed if sufficient tax increment revenue is actually generated by the new development.

C. Sources of Revenue

Tax increment generated within the TIF District will be a source of public funds used to pay a portion of public redevelopment costs associated with the West River Commons Project. Other sources of funds to pay public redevelopment costs may include tax increment financing, CEDF Commercial Corridor Funds, Multifamily Housing Revenue Bonds, Multifamily Housing Program Funds, Low Income Housing Tax Credits, Hennepin County Brownfield Grant, and other sources not yet identified.

D. Original Net Tax Capacity

The 2001 estimated market value of the tax parcels included is \$420,500. This will result in an original net tax capacity of approximately \$5,256.

E. Estimated Captured Net Tax Capacity at Completion

Upon completion of the redevelopment it is anticipated that the estimated market value of taxable property in the District will increase from \$420,500 to approximately \$7,100,000. This represents an increase of \$6,679,500 and will generate a total net tax capacity of approximately \$87,900, and an estimated captured net tax capacity of \$82,644.

Based upon a total local tax rate of approximately 147.000%, this will generate an estimated annual gross tax increment payment of \$120,880 (stabilized, excluding deduction for State Auditor Fee).

F. Duration of District

The West River Commons TIF District is a Redevelopment TIF District. Tax increment can be paid to the MCDA for up to twenty-six years of increment collection, or such period as is authorized by law and is necessary to complete financing of the eligible project costs.

G. Fiscal Disparities Election

It is the intent of the MCDA and the City of Minneapolis that the entire fiscal disparity contribution required of the City for development occurring within this TIF District be taken from outside the TIF District. The option provided in Minnesota Statutes Section 469.177, Subdivision 3, Paragraph (a) of the Minnesota Tax Increment Financing Act is elected.

H. Original Tax Capacity Rate

The Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2002. For project and impact purposes, a total tax rate of 147.663% has been used.

I. Permit Activity and Prior Planned Improvements

The TIF District does not include any “prior planned improvements” as that term is described in Minnesota Statutes, Section 469.177. Subd. 4.

The letter requesting certification by Hennepin County of the TIF District will be accompanied by a list of all of the building permits issued for the properties included in this TIF District during the eighteen months immediately preceding approval of this TIF Plan, as mandated by Minnesota Statutes, Section 469.175, Subdivision 3.

J. Affordable Housing & Expenditures Outside TIF District

Pursuant to M.S. Section 469.176, Subd. 4k, tax increment may be spent to assist affordable housing meeting the requirements of M.S. Section 469.173, Subd. 2, paragraph (d), which states that such expenditures must:

- (1) be used exclusively to assist housing that meets the requirements for a qualified low income building (as defined in Section 42 of the IRC);
- (2) not exceed the qualified basis of the housing (as defined in Section 42c of the IRC) less the amount of any credit allowed under Section 42; and
- (3) be used to:
 - (i) acquire and prepare the site of the housing;
 - (ii) acquire, construct, or rehabilitate the housing; or
 - (iii) make public improvements directly relating to the housing.

Tax increment expenditures for the qualifying affordable housing costs listed above are not restricted to the TIF district or project area, but may be spent anywhere in the city. However, the amount of tax increment used for such purposes is restricted.

Pursuant to M.S. Section 469.1763, Subd. 2, up to 25% of the tax increment from a redevelopment TIF district may be spent on activities located outside the boundaries of the TIF district. An authority may elect in the TIF plan to increase this amount by up to 10% (maximum total of 35%), provided that these additional expenditures meet the affordable housing requirement listed above. Administrative expenses are considered expenditures outside of the district.

Pursuant to the provisions, requirements and restrictions noted above, the Agency elects to increase by 10% the amount of tax increment that may be expended outside the boundaries of the TIF district. It currently anticipates that up to 10% of the increment collected from the district (over its lifetime) may be used for administrative purposes, and up to 25% of the increment collected from the district (over its lifetime) will be used for affordable housing purposes.

V. Type of Tax Increment Financing District

The proposed TIF District is a "Redevelopment District" as defined in Minnesota Statutes Section 469.174 Subdivision 10 (a) (1):

"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

- (1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance"

Additional information about the physical conditions in the proposed TIF District and the determination by the Agency that the real property proposed for inclusion within the TIF District satisfies the statutory findings for eligibility of this area for inclusion as a "Redevelopment TIF District" can be found in the Project Area Report and Documentation of Blight, which is appended as Exhibit 3 to this TIF Plan.

VI. Estimated Impact on Other Taxing Jurisdictions

It is the position of the Minneapolis Community Development Agency and the City of Minneapolis that the redevelopment of the property would not occur as proposed without the tax increment financing assistance to be provided.

Nevertheless, if it is assumed for purposes of analysis that the proposed development described herein, as the Housing Project would occur without the tax increment financing assistance and that the estimated captured tax capacity generated by the development would under those circumstances be immediately available to the taxing jurisdictions, then the estimated annual impact on the taxing jurisdictions would be as follows:

<i>Taxing Jurisdictions</i>	Preliminary Tax Capacity Rate Payable 2002	Property Tax Revenues Resulting from \$82,644 Captured Tax Capacity
------------------------------------	---	--

City of Minneapolis	59.054	\$48,805
Hennepin County	44.748	\$36,982
Special School District #1	32.961	\$27,240
Other Taxing Jurisdictions	10.900	\$ 9,008
Total		
	<hr/> 147.663%	<hr/> \$122,035

VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Minnesota Statutes, Section 469.175, Subdivision 3, provides that prior to the approval of a tax increment financing plan, the City Council must find that the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

It is the position of the Minneapolis Community Development Agency and the City of Minneapolis that the private redevelopment of the property included in the TIF District could not occur without public participation and financial assistance. This conclusion is based upon the following factors:

The Project will eliminate inconsistent uses and blighted and vacant parcels, result in the provision of needed rental units, including 12 affordable housing units, provide needed parking, assist in the revitalization of E. Lake Street. Revenue generated from the project is not sufficient to fully amortize the cost of acquisition, demolition and contamination cleanup. The site contains a vacant gas station alongside an obsolete assembly hall. A petroleum release was identified during the removal of the underground storage tanks (USTs) and reported to the MPCA on July 21, 1999. A limited investigation was conducted on the subject property and petroleum impacts to soil and ground water were identified. The extent of ground water contamination has not yet been fully defined. The site is currently undergoing a remedial investigation to determine the extent of the contamination. Contaminated soil and water due to a petroleum leak from the gas station will be cleaned up as a result of the excavation and removal of contaminated soil. In addition to cleaning up a blighted area of the community, the project will provide for a new “gateway” park, provide space for new neighborhood service businesses, provide a significantly new community green space, and support the existing and future transit service to the area. TIF financing is needed due to the extraordinary costs of redevelopment. The acquisition cost of the land exceeds its value to the project, the market and neighborhood is requiring underground parking, a cost not supported by the income stream of the project, and the project includes the costly cleanup of contaminated soil due to the petroleum tank leak described above.

Therefore, it is the opinion of the City of Minneapolis that the proposed redevelopment project to be financed, in part, by this TIF District would not occur solely through private investment within the foreseeable future.

The TIF Act requires that a potential TIF district must also pass a market value test in order to make a finding that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by this TIF Plan.

Because it is the opinion of the City of Minneapolis that the proposed Project to be financed, in part, by this TIF District would not occur solely through private investment at this time, the City projects that the estimated market value of the site without the use of tax increment would remain at its present level. The calculations necessary to pass this test are contained on the following page of this TIF Plan. As shown there, the public redevelopment activity, expenditures, and market values associated with the redevelopment that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test.

VIII. Modifications to Tax Increment Finance Plans

This TIF Plan may be modified, provided that the Agency and City Council shall adopt such modifications under the applicable provisions of the TIF Act, Minnesota Statutes, Section 469.175, Subdivision 4.

This TIF Plan reflects the establishment of the West River Commons Tax Increment Financing District.

West River Commons TIF District

Valuation and Tax Increment Assumptions

	Pay 2003	Pay 2004	Pay 2005
Total Estimated Market Value (EMV)	\$420,500	\$3,090,000	\$7,100,000
Less: Original EMV	420,500	420,500	420,500
Captured EMV	\$0	\$2,669,500	\$6,679,500
Total Net Tax Capacity (NTC)	\$5,256	\$38,625	\$87,900
Less: Original NTC	5,256	5,256	5,256
Captured NTC	\$0	\$33,369	\$82,644
Times: Projected Total Tax Rate	147.000%	147.000%	147.000%
Gross Tax Increment	\$0	\$49,052	\$121,487
Less: State Auditor's Fee (.50%)	0	245	607
Tax Increment Distributed to MCDA	\$0	\$48,807	\$120,880

25 Years of TI Collection

Years of TIF Collection	Payable Year	Tax Increment Distributed To MCDA
---	2001	\$0
---	2002	0
0	2003	0
1	2004	48,807
2	2005	120,880
3	2006	120,880
4	2007	120,880
5	2008	120,880
6	2009	120,880
7	2010	120,880
8	2011	120,880
9	2012	120,880
10	2013	120,880
11	2014	120,880
12	2015	120,880
13	2016	120,880
14	2017	120,880
15	2018	120,880
16	2019	120,880
17	2020	120,880
18	2021	120,880
19	2022	120,880
20	2023	120,880
21	2024	0
22	2025	0
23	2026	0
24	2027	0
25	2028	0
		\$2,345,527
P.V. @	5.00%	\$1,304,119

Market Value Test

Analysis Required by M.S. Section 469.175, Subd. 3 (2)

- (1) "... the increased market value of the site that could reasonably be expected to occur without the use of tax increment ...":
 - (a) Projected estimated market value without the use of tax increment
 - (b) Original estimated market value
 - (c) Increased estimated market value without the use of tax increment
= (a) - (b)
- (2) "... increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan..".
 - (d) Increase in the estimated market value of the completed development.
 - (e) Present value of the projected tax increment for the maximum duration of the district.
 - (f) Difference = (d) - (e)
- (3) **Since (c) is less than (f), the proposed development or redevelopment passes the test.**

To view this map, contact MCDA

**West River Commons
Boundary Map
June 27, 2002**

**PROJECT AREA REPORT
AND DOCUMENTATION OF BLIGHT**

**West River Commons
Redevelopment and Tax Increment Finance Plan
June 27, 2002**

The West River Commons Redevelopment Project (the "Redevelopment Project") will be a redevelopment project as defined in the Minnesota Housing and Redevelopment Authorities Act (Minnesota Statutes, Section 469.002, Subdivision 14 and 16). According to Subdivision 14, Paragraph 1, redevelopment projects are established "for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight." The redevelopment project area therefore must be found to be a blighted area, which is defined in Section 469.002, Subd. 11 of the Act as:

"... any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community."

Project Description

A proposal was received from Gateway Real Estate, LLC to own, redevelop, and operate a new mixed use development flanking the Mississippi River. The project involves the demolition of the existing buildings on the site and the construction of a new three and four story mixed use building with underground parking. The project will transition to the parkway with a new neighborhood and gateway park. The mixed-use building will feature 53 rental apartment units, 12 of which will be designated for affordable housing, 3 owner occupied new town homes, and approximately 8,000 square feet of neighborhood service commercial on the easterly side of the project. There will be underground parking for 66 cars and 36 ground floor parking spaces. The building will be four stories on the eastern 65 feet and three stories elsewhere. The property is currently two separate parcels. The project would involve the replatting of at least the western parcel to carve out a separate parcel for three owner occupied town homes. Contaminated soil and water due to a petroleum leak from the gas station will be cleaned up as a result of the excavation and removal of contaminated soil.

Location

The West River Commons Project is located at 46th and East Lake Street, Minneapolis, in the Longfellow neighborhood (4610 and 4630 E. Lake Street). The approximately 50,000 square foot site is located in the northwest corner of the intersection of West River Road on the north side of East Lake Street.

Site Description

Exterior and interior surveys were conducted in the fall of 2001. Currently considered blighted, the property consists of an abandoned gas station with an environmental hazard, and an obsolete temple assembly hall. An areawide assessment for eligibility for purposes of redevelopment indicates that the properties are vacant and underutilized buildings and are by definition a blighting influence on the adjacent community.

The site characteristics indicate significant blighting influences caused by the volume of traffic congestion on E. Lake Street, inconsistent land forms--both geographically and platted (lots are platted 25 feet wide), and because of the unusual and difficult characteristics of the site, which may have prevented normal development of the land in the past, need a good design to provide a transition into the redevelopment plans for the area.

It was found with reasonable certainty deficiencies exist in the buildings that are below standards of the Uniform Building Code applicable to new buildings and that the buildings at the location are marginal, and structurally substandard because the costs of repairs to comply with standards of the building code exceed 15% of the properties' replacement value.

Further, the existing commercial spaces appeared vacant, are hazardous, are obsolete for their present or continued use, and are functionally obsolete, lacking certain life safety factors, elements of the Americans with Disabilities Act, and contain obsolete mechanical and electrical systems essential for continued occupancy. The commercial buildings lack energy conservation standards essential for continued occupancy in order to be in compliance with the Uniform Building Code of Ordinances (see State Energy Code 2000, and Bulletin 80-1 Property Code). The two buildings were found detrimental to the safety, health, morals, or welfare of the community by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excess land coverage, deleterious land use that include all present uses. The commercial building lacks a heating unit.

Both of the parcels in the proposed Redevelopment Project Area and TIF District exceed the required 15% improvement requirement. The vacant property was open to the elements with broken windows and interior areas contained damage caused by vandalism or disuse, graffiti covered walls, roof damage caused by ice damming and worn roofing materials, collapsed building components due to leaking roof, damaged siding and trim with shrinkage of masonry frame exhibiting cracks in the masonry components, dangerous and hazardous conditions (due to suspected gas leak), peeling paint, 'punk' wooden door and window frames, and difficult access to property. These obsolete features of the buildings are unavoidable due to its character and cannot be concealed, or retrofitted to an alternative or adaptive reuse.

Environmental Surveys were conducted on the two properties by PEER Environmental & Engineering Resources, Inc. The environmental consultant completed the environmental assessment and will work with MPCA to develop a final MPCA approved remediation plan.

Information from their reports reveal the following information: One of the subject properties, located at **4610 East Lake Street**, is approximately 33,000 square feet in size and includes a one-story building on the eastern side and asphalt covered parking on the western side. The concrete block building measures 110 feet by 120 feet. There is a partial basement in the northwest corner of the building that is used as the boiler room. The boiler is no longer functioning and the building is heated by natural gas forced air space heaters.

The building was constructed in 1928 for use as a tabernacle and has been used as such since that time. Twin Cities Deliverance Temple currently occupies the building. The building is connected to municipal water and sewer and serviced by the local natural gas and electrical utilities. The property is generally level with a surface elevation of approximately 820 feet (\pm 10 feet) above mean sea level. The Mississippi River channel is located approximately 600 feet east of the property at an elevation of approximately 725 feet. The terrain on the adjoining property to the east starts to slope down to the river with a steeper drop of approximately 80 feet located approximately 300 feet east of the subject property.

Surficial deposits in the area consist of glacial river terrace sediments of sand, gravelly sand, and silty sand. The depth to bedrock in the vicinity of the property is estimated to be less than 50 below the ground surface. Based on the published references bedrock appears to consist of the St. Peter Sandstone Formation.

Based on investigation files of the MPCA, ground water is present at a depth of approximately 24 feet below the ground surface. Based on the limited investigation and referenced publications, regional ground water flow is estimated to be easterly toward the Mississippi River. It should be noted that the depth and gradient of the water table could change seasonally in response to variation in precipitation and recharge, and over time in response to urban development such as storm water controls impervious surfaces, and pumping wells.

Historical information indicates a retail convenience store was constructed on the subject property (at 4600 East Lake Street at what is now parking) in 1924. No evidence of bulk chemical or petroleum storage or uses of potential environmental concern are depicted on the subject property in earlier Sanborn Fire Insurance Maps. A filling station reportedly operated at 4600 East Lake Street from 1926 until 1945. Based on available data, filling stations are depicted on adjoining properties to the east and southeast, and the adjoining property to the east is a petroleum release site. The westernmost contamination from the release has been identified and impacts to the subject property from this site appear unlikely.

Based on city directories and City of Minneapolis permit records, this building on the western side of the subject property in what is currently the parking lot, was a convenience store from 1924 through 1945 and also a filling station from 1926 to 1945. The use of the adjoining property to the east as a filling station is apparent in photographs examined.

With the exception of the Mississippi River located to the east, no protected water bodies or wetlands are depicted on the subject property or adjoining properties. No pipelines or environmentally suspect cultural features are depicted on or adjoining the subject property. City directories list Philips Petroleum Co., located on the western side of the property. A filling station with three 550-gallon underground storage tanks and one 2,000 gallon underground storage tank was constructed as an apparent addition to the convenience store in 1926. The filling station/convenience store operated until 1945, at which time the underground storage tanks were recorded as completely removed and the building was demolished. The permit records indicate that a drive-in restaurant (soft drink stand) was constructed at 4604 E. Lake Street in 1948 and operated until it was demolished in 1964. Records indicate that the existing building on the subject property was constructed in 1928. With the exception of four gasoline underground storage tanks on the subject property in 1926 to 1945, no record of hazardous substance or petroleum product use, storage, leaks, or spills was noted in the available records.

The property at **4630 E. Lake Street** is approximately 15,600 square feet in size and includes a vacant filling station building approximately 1,200 square feet in size. The property has been occupied by a filling station business since approximately 1923. Building permit records indicate that filling station was first constructed on the property in 1923. The records indicate that in 1970, a filling station was wrecked and tanks were removed from the property. The records do not indicate the number of tanks that were removed or the condition of the tanks that were removed in 1970. The records indicate that a new filling station building was constructed and four underground storage tanks were installed in 1970. The description of the tanks installed in 1970 matches the description of the tanks that were removed in 1999. The subject property was identified on the Minnesota Pollution Control Agency (MPCA) Leaking Underground Storage Tank (LUST) database list and the Registered Underground Storage Tank database list. A petroleum release was identified during the removal of the USTs and reported to the MPCA on July 21, 1999. A limited investigation was conducted on the subject property and petroleum impacts to soil and ground water were identified. The extent of ground water contamination has not yet been fully defined. The site is currently undergoing a remedial investigation to determine the extent of the contamination. The identified petroleum contamination on the property is a recognized environmental condition.

No current storage or use of hazardous substances and/or petroleum products was evident on the subject property. There are three below grade hydraulic piston lifts in the service bays of the building. These lifts represent a potential source of releases of hydraulic oil to soil and ground water on the subject property. Based on the 1970 construction date of the building, there is a potential for asbestos-containing materials in the building. PEER has performed a Phase I Environmental Site Assessment of the subject property which reveals no evidence of recognized environmental conditions in connection with the subject property with the exception of the following: “petroleum contamination has been identified in soil and ground water on the property. The extent of contamination in ground water has not yet been fully defined...the subject property has been a filling station since approximately 1923. Historical records indicate that nine underground storage tanks have existed on the property...Four were removed in 1970. No records for the removal of the other five were identified. A magnetometer survey indicates the presence of anomalies that might represent remaking USTs....there are three below-grade hydraulic piston lifts in the service bays of the building and represent a potential source of releases of hydraulic oil to soil and ground water on the property....”. Additional environmental concerns list suspect asbestos-containing materials as described above.

The grounds of the subject property include asphalt and concrete surfaced parking and driveway areas, grass covered areas, and gravel surfaced areas where underground storage tanks were recently removed. The property is a one story commercial type building constructed around 1970. The building is used as a former service station by the Easter Seals Organization of Minnesota for auto skills training. The building components consist of flat roof, concrete floors, brick veneer walls, elevated floors, and spaces not accessible, with at-grade access, but with hazardous conditions. The building lacks elements of the ADA Act and contain obsolete inoperable mechanical and electrical systems essential for continued safe occupancy. In addition the building lacks energy conservation standards essential for continued occupancy in order to be in compliance with the Uniform Building Code of Ordinances. The exterior inspection revealed the presence of the following blighting conditions: roof damage, caused by worn roofing materials, broken storm doors and windows, peeling paint, shrinkage of the masonry frame of the building resulting in step cracks in the masonry blocks, design defects associated with the location of the wash rack located too close to the public sidewalk, difficult access, does not contain smoke detectors, nor accessible restroom facilities, and automatic fire sprinkler system.

Therefore, the properties at 4610 and 4630 E. Lake Street qualify for inclusion in both a Redevelopment Project Area and a Redevelopment Tax Increment Finance District. The blighting influences of the subject property are characterized above and the property is found blighted in accordance with the Minnesota Statutes.

Documentation supporting these findings is on file in the office of the Minneapolis Community Development Agency, 105 5th Avenue South, Project Planning & Finance Department, Suite 600, Minneapolis, Minnesota.

Findings to this affect will be included in the resolutions considered by the City Council of the City of Minneapolis at the time that these plan documents are offered for approval.

Exhibit #3

To view the site plan, contact MCDA.